



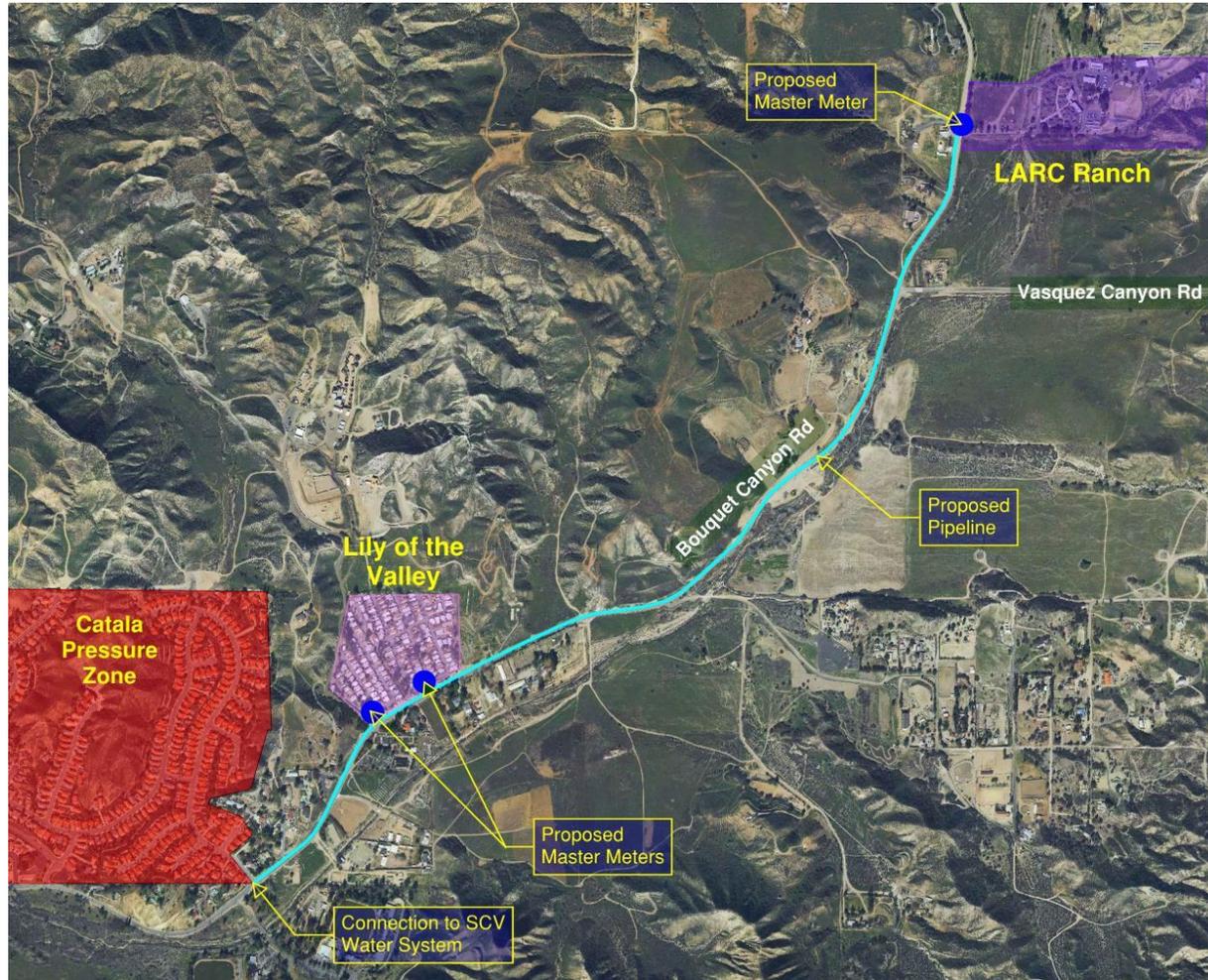
SCV
WATER

February 27, 2023

**Intent to Reimburse Capital
Expenditures for Groundwater
Treatment Project Using Incentive Grant
and Loan Funds from SWRCB**

**Finance and Administration
Committee**

Overview of Master Meter Consolidation Projects



- SCV Water will build 9,600 feet of 12-inch ductile iron pipeline to serve LOV/LARC (and others along the pipeline route)
- SCV Water will supply water to LARC and LOV via Master Meters
- LARC and LOV will continue to own and maintain on-site distribution systems



Incentive Funding is Associated with Consolidation Projects



- Consolidation Project will provide safe and reliable water supply for LOV and LARC communities
- State offers Incentive Funding to encourage consolidation of small community water systems with public water systems
- Incentive Funds are in addition to consolidation grant funds



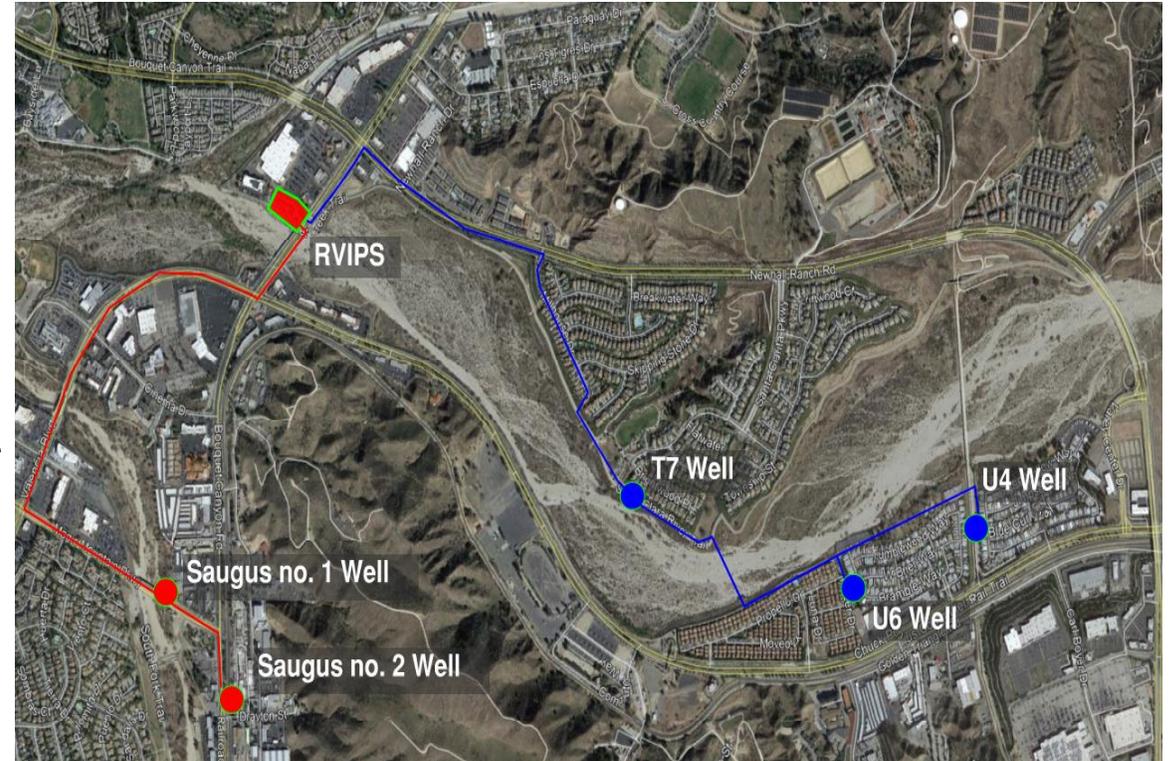
Financial Assistance Available for Consolidation and Incentive Projects

- Consolidation Grant funds will cover all project costs for LARC and LOV portion
 - ~ \$3.9 Million for 8-inch pipeline (sized for LARC & LOV only)
- SCV Water will pay for pipeline upsize to 12-inch
 - ~ \$1,500,000 - FY 2022/23 CIP
- SCV Water qualifies for funding for “Incentive” projects based on the LARC/LOV consolidation
 - \$1.1 Million Grant
 - \$10 Million, 0% Loan
- Incentive Project Funding may be combined with other Drinking Water State Revolving Funds (DWSRF) and associated funds to cover total cost of incentive projects
 - \$5 Million Grant from Emerging Contaminants
 - Currently no cap on additional low interest loan from DWSRF



Incentive Project 1 - PFAS Treatment and Disinfection for T7, U4 and U6 Wells

- Total Cost ~ \$16.7 Million
- Design Phase @ 90%
- Start Construction by 4th Quarter 2023
- Complete Construction by 1st Quarter 2025



Incentive Projects & Funding Sources

- Incentive Funding may be used for one or more eligible projects chosen by SCV Water
 - SCV Water has selected 2 eligible PFAS Treatment and disinfection projects:
 - Project 1: Centralized PFAS treatment and disinfection for wells T7, U4 and U6 (\$16.6 Million)
 - SWRCB Financing
 - Incentive Grant ... \$1.1 Million
 - Emerging Contaminants Grant ... \$5 Million
 - Zero (0%) loan ... ~ \$9 Million
 - DWR Grant ... ~ \$1.5 Million
 - Project 2: Centralized PFAS treatment and disinfection for Wells S6, S7 and S8 (\$18.4 Million)
 - DWR Grant ... \$5 Million
 - SWRCB Financing (TBD)
- Incentive funding covers planning, design and construction
 - Approved funding is retroactive to include planning and design performed prior to SWRCB approval



Steps & Schedule for Financial Assistance Application & Approval for Project 1

- SCV Water must apply for Incentive Funds, as follows:
 - ✓ Submit an initial General Application to earmark funds (completed June 30, 2021)
 - ✓ Provide Authorizing Resolution from SCV Water Board (completed November 2, 2021)
- Submit Funding Application(s) (General, Environmental, Technical, Financial Packages)
 - ✓ Submitted Funding Application for Project 1 (February 13, 2023)
 - Submit Reimbursement Resolution for Project 1 (March 2023)
 - Plan to submit Funding Application for Project 2 (Fourth quarter 2023)
- Execute Financing Agreement for Project 1 ~ July 2023 (TBD based on SWRCB review)
- Must complete construction of Project 1 within 3 years of executing financing agreement



LARC/LOV Consolidation Project Update

- Finalize Agreements required by SWRCB for funding approval
 - Water Service Agreement between SCV Water and LARC (Ready)
 - Water Service Agreement between SCV Water and LOV (Pending)
- Project Construction
 - Finalize design plans and bid documents (Second Quarter 2023)
 - Advertise for Bids (Summer 2023)
 - Award Pipeline Construction (SCV Water Board Approval, Third Quarter 2023)
 - Complete Pipeline Construction (by year end 2024)



Incentive Project Funding Recommendation

That the Finance and Administration Committee recommend the Board of Directors:

- Adopt a resolution that declares its official intent to reimburse capital expenditures paid prior to approval by the State Water Resources Control Board for the Groundwater Treatment Incentive Project 1 (PFAS Treatment and Disinfection for T7, U4 and U6 wells) using incentive grant and loan funds from the SWRCB to comply with Treasury Regulation Section 1.150-2 and other Internal Revenue Service regulations.

